COMMANDERS DIGEST
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ARMED FORCES HOUSING

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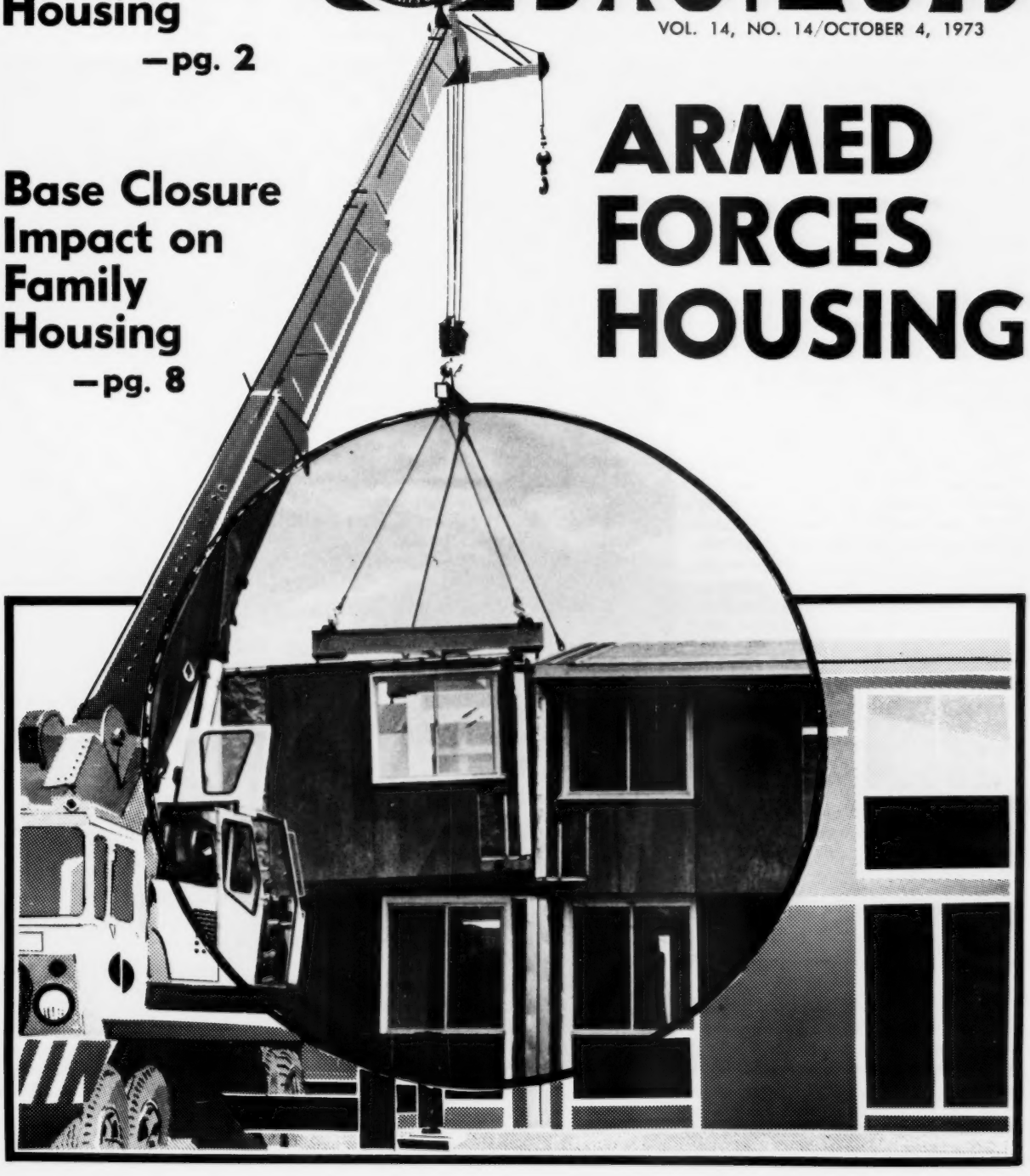


All Servicemen and Families

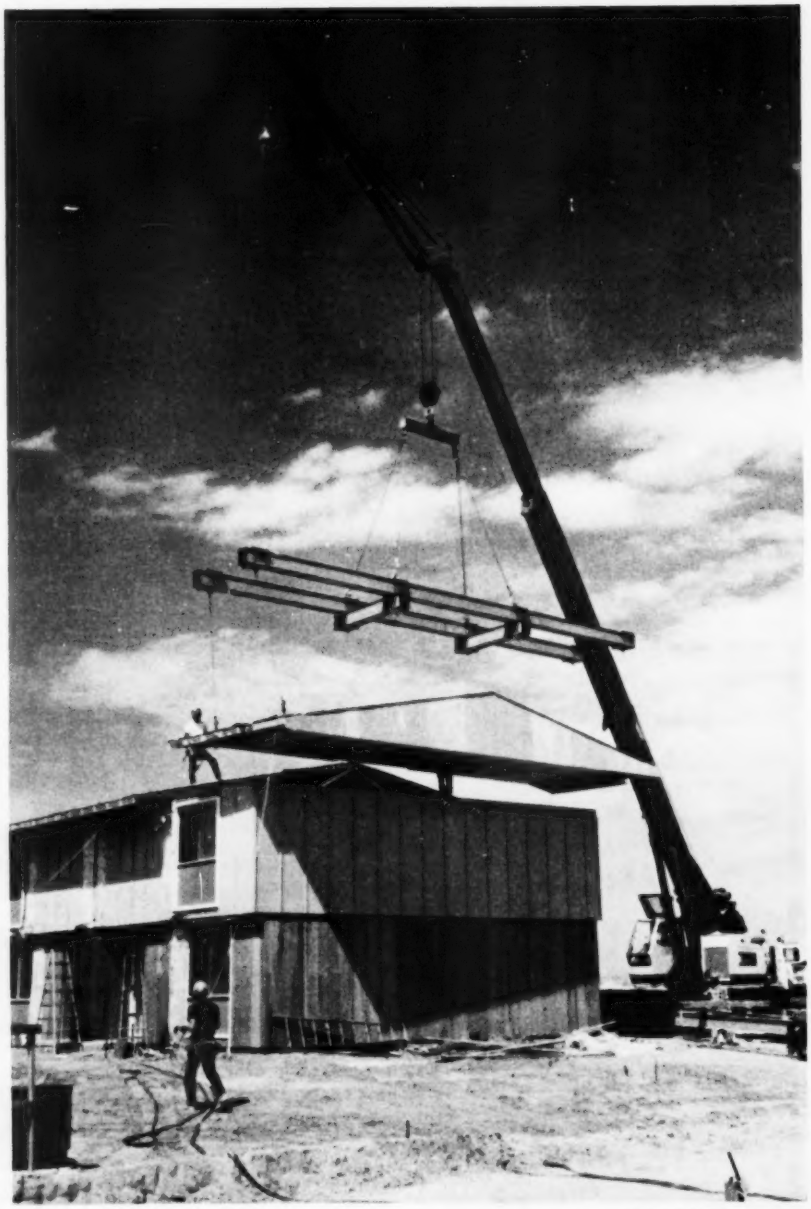
DoD Seeks Better Quality Housing

Perry J. Fliakas, Director of the Facilities Planning and Programming Office, Deputy Assistant Secretary of Defense for Installations and Housing, recently appeared on Capitol Hill to testify before the House and Senate committees on the Military Family Housing Program budget request for Fiscal Year 1974. The following is based on his testimony, reflecting the continuing Defense Department emphasis upon the retention of members of the All-Volunteer Force and the welfare of the individual Serviceman and his family.

* * * *

The Department of Defense is deeply concerned and committed to the housing needs of the Serviceman and his family and is continuing to develop and recommend programs to meet those needs. The Military Family Housing Program reflects a balanced approach to achieving an objective of decent and adequate housing for all Servicemen and their families by continuing a prudent and moderate on-base construction and improvement program, coupled with an aggressive policy for obtaining suitable off-base housing in the civilian communities near military installations.

The basic concept of the Military Family Housing Program for Fiscal Year 1974 is to assure that married members of the U.S. Armed Forces have suitable housing. To this end, the objectives of the program are closely aligned and dovetail with the objectives of the Zero Draft and the All-Volunteer Force.



MODULAR UNIT—A towering crane lifts the roof section into position over the second floors during construction of modular houses at George AFB, California.

U.S. Air Force Photo

The Defense Department is making continued and significant progress in providing more adequate housing on-base, for upgrading the condition of its existing housing inventory, and in securing suitable quarters off-base in the community for military families. These improvements and construction increases have been built up gradually by increasing annual increments in the Defense budget dating back to FY 1970 and continuing in each successive annual program since then.

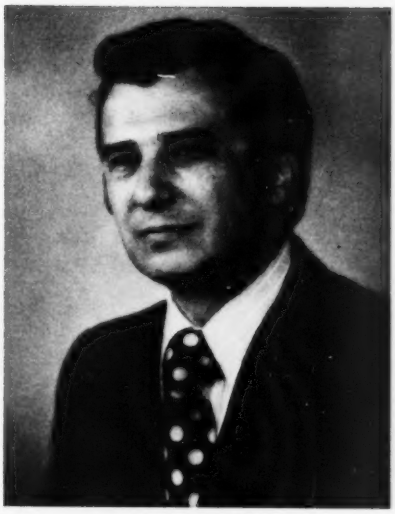
To emphasize this point, the request for FY 1974 for military family housing amounts to more than $1.25 billion.

A comparison of this year's proposed appropriation with pertinent element breakouts for a five-year span reflects a significant trend and growth pattern. (See Chart on Page 5).

The FY 1974 appropriation request of $1.25 billion compares with $1.06 billion for FY 1973, an increase of $186.6 million or approximately 18 percent. One of the principal features is the proposed construction of 11,688 new family units. The number of units for new construction in the FY 1974 program continues the high level attained in the previous three years and is nearly six times as many new units as were in the program just five years ago.

To illustrate the dramatic growth in the new construction program: in FY 1969, only 2,000 units were programmed; in FY 1970, the number was increased to 4,800; FY 1971 through FY 1973, DoD obtained an average of almost 10,000; and the FY 1974 program reflects the total of 11,688 new family housing units requested.

Another important element in the FY 1974 construction program was mobile-home spaces to provide safe, sanitary and reasonably priced accommodations for those Servicemen who own mobile homes. Some $62.5 million for the improvement and alteration of existing public quarters also was requested to modernize and renovate older and deteriorated units.



Perry J. Fliakas

The Military Departments estimate a current backlog of more than $700 million in necessary improvements to upgrade the inventory. There is no other program that will pay quicker dividends and provide such substantial benefits in terms of increased morale to the military families who occupy on-base housing as well as provide increased life and livability to the structures.

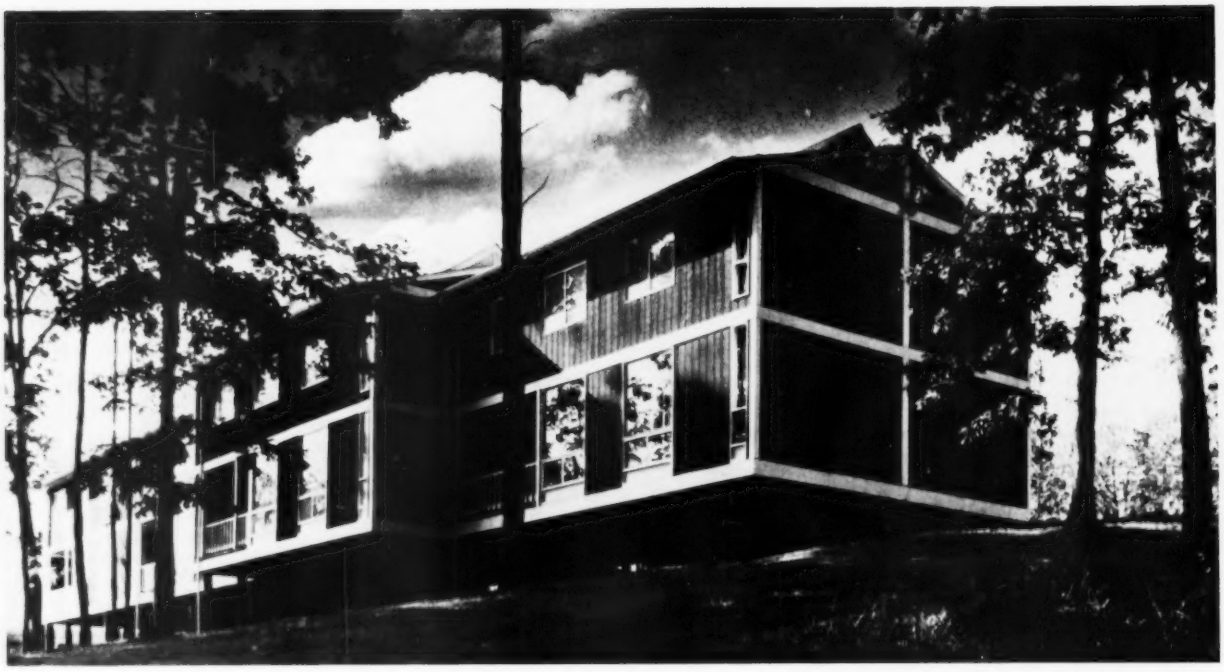
The balance of the FY 1974 request covers minor construction and planning as well as annual costs for leasing, operation and maintenance, and debt payment. Total appropriations requested are $423,774,000 for construction requirements and $826,793,000 for operations and maintenance and the debt payment portion—for a total of $1,250,567,000.

Programming

The Defense Department policy on housing married Servicemen is to rely on the local civilian housing market in communities near military installations as the primary source of family housing. Only when community support is limited or inadequate as to cost, distance, or quality, does the Department seek authority to construct on-base housing. Particular care has been taken in the programming review to assure that the request for new construction reflects requirements only at hardcore installations. Because of this concentration on hardcore bases, coupled with the recent five-year build-up of new construction and continued reliance on the local community, the programmable deficit is now estimated to be about 60,000 units. This compares with prior estimates in recent years of 90,000 to 110,000 units. The reasons for the reduction of the deficit, to what is now considered to be a man-

U.S. Air Force Photo

FIRST FLOOR—Contractors view the ground floor showing the utility core (lower right) in the new modular homes at George AFB, California. Two hundred townhouses, apartments and single family homes have been built there.



U.S. Army Photo

Army housing unit at Vint Hill Farms, Virginia, won dual awards last year in Military Construction Design.

ageable level, are the declining force structure, the contraction of the base establishment and the cumulative effect of recent military pay raises, particularly in the lower grades, which put more community housing within the economic means of Service families.

As in previous years, DoD continues to place the most attenion on the on-base housing construction for enlisted personnel and junior officers. The FY 1974 program includes about 11,000 units or 94 percent of the total program for these categories.

Two-Bedroom Constraints

Each year, a substantial part of the program has been concentrated on the new construction of two-bedroom units. This was based on programming calculations, using actual surveys at individual bases, that showed statistically a need for two-bedroom units.

The Military Departments have recommended that the proliferation of this size unit in the inventory be controlled. Last year, a Congressional committee was especially critical of what was considered a preponderance of two-bedroom units in the FY 1973 program and directed action to preclude the saturation of military bases with such units.

In the FY 1974 program, a programming policy is applied to the makeup of the program which limits the number of two-bedroom units at any one base to 30 percent of the enlisted and junior officer inventory at that base. DoD rationale for this is as follows:

- The two-bedroom unit is the predominant size found in the local community. The three and four-bedroom units are scarce and those available are normally priced beyond the Serviceman's ability to pay.
- A military-controlled three-bedroom unit on-base offers more flexibility for assignment purposes. This policy will enhance maximum utilization and flexibility of assignment on post.
- As DoD moves toward an All-Volunteer Force, officials expect the military composition to stabilize. Past statistics are largely "draft-driven." As the Services develop a more permanent force, more stability in terms of marital rates, and consequently more children, will result. Therefore, the Defense Department looks for an increase in bedroom requirements as the force matures and becomes more permanent.

The conclusion, therefore, is to establish a general programming policy that puts a constraint on the number of two-bedroom units to be normally constructed at any one base. DoD has established a 30 percent factor as being realistic and responsive to this concept and will look at each installation on a "case basis" to

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determine the application of this policy.

Increased Space Requested

The housing construction standards for the maximum square foot limitations on floor area is prescribed for military families by the United States Code. The Defense Department is constrained by specific maximum limits on size by rank or grade of the military occupant. These limitations have not been upgraded in years. The result is that the Services today are building to standards that no longer meet the lifestyle of modern day living. Research on civilian housing design trends and a survey of information and opinions of Servicemen and their wives as to the adequacy of military housing indicate a critical need for additional floor space to accommodate contemporary living habits and requirements.

As a result of these surveys and analysis of current statutory net-area limitations, Defense is requesting changes which will allow appropriate increases in dining area, secondary bedrooms, and the bathroom area and the appropriate circulation and storage space required to support the enlarged areas. The total impact of the requested increases will be improved overall livability.

The Defense Department has worked very closely with the Military Departments on the review of space requirements and has been very selective on the application increases. (See comparison chart on page 6.)

The increases range up to 11 percent. For example, DoD is seeking no change in space criteria for general officers. It is, however, seeking an increase of 120 square feet or 11 percent for a three-bedroom enlisted unit. Another increase calls for 50 square feet or 4 percent more space for a four-bedroom company-grade officer unit.

In addition, the Pentagon is proposing that the maximum space limitations for senior enlisted personnel in the grades E-7 through E-9 be the same as those for junior officers. The Military Departments were unanimous in their recommendation that senior enlisted personnel be accorded this benefit commensurate with their extended service.

Also, a benefit will accrue to the base management of the inventory by affording greater flexibility in assignment of housing between junior officers and senior non-commissioned officers. However, due to budget considerations, the number of enlisted units proposed for construction in the FY 1974 program at the higher senior enlisted standards have been held to 30 percent.

Cost Limitations

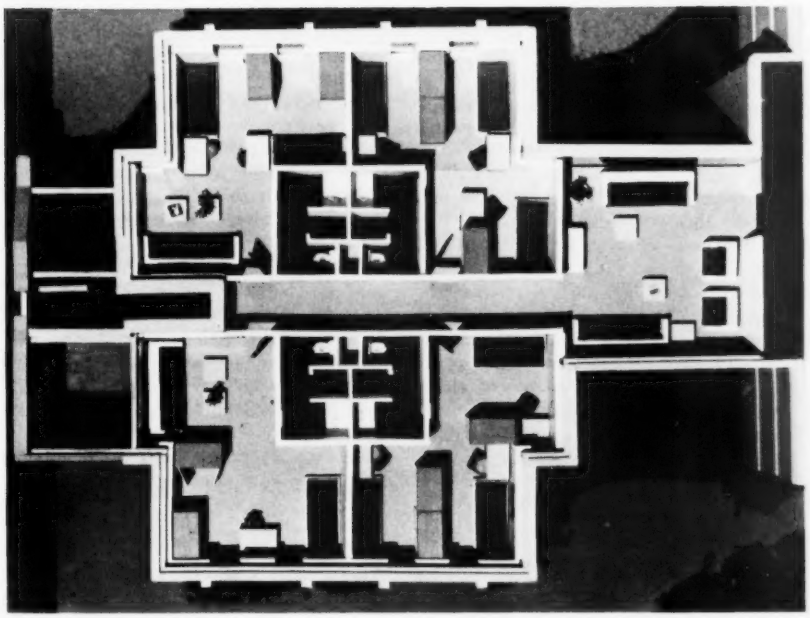
The Defense Department has reviewed the statutory average unit-cost limitation on the construction of military family housing and where it stands with respect to the adequacy of the current limit in the continental United States.

Defense Family Housing
Summary Of Selected Appropriated Amounts
(in thousands)

	Enacted				*Requested*
	FY 1970	*FY 1971*	*FY 1972*	*FY 1973*	*FY 1974*
New Construction	$105,507	$194,833	$255,740 [1]	$270,987	$351,904
(No. of Units)	(4,800)	(8,000)	(9,862) [1]	(11,938) [2]	(11,688)
Mobile Home Facilities	—0—	1,200	7,280	5,387	5,700
(No. of Spaces)	(—0—)	(439)	(2,350)	(1,403)	(1,340)
Improvements	11,540	19,196	31,668	39,498	62,510
Leasing	23,658	28,684	33,589	37,643	44,703
(No. of leases, end-year)	(9,669	(11,466)	(13,482)	(13,964)	(17,262)
Operation & Maintenance	373,219	395,686	440,706	535,842	622,913
Total Appropriation	688,476	806,464	945,025 [1]	1,064,046	1,250,567

[1] Includes 430 units for $1,070,000 for SAFEGUARD sites enacted in the DoD Appropriation Act, P.L. 92-204.

[2] Includes 218 units for SAFEGUARD sites authorized in P.L. 92-436, but which are to be financed from savings, and for which no appropriation was made.



U.S. Army Photo

NEW QUARTERS—To meet the needs of the All-Volunteer Force, DoD is providing better housing for men living in bachelor quarters. This floor plan shows a modern sleeping unit with an adjoining living room.

The Defense Department did not seek a cost increase last year so that the FY 1972 cost-limit of $24,000 per unit applied also to 1973. This had appeared appropriate at the time because of judgments and cost-growth projections, but they proved to have been understated.

For example, it was believed that normal cost-growth during this period would be offset by the content and geographic location of the 1973 program, that is, more enlisted and junior officer units including a liberal number of two-bedroom units in lower cost regions of the country. Also, certain exclusions from the avcrage unit cost were requested but were not favorably considered. These were the exclusions of land acquisition and off-site development costs. These considerations have now been overtaken by events, namely the spiraling costs of construction.

Consequently, the Military Departments have been required to take an increasing amount of deductive alternatives in order to make contract awards within available funds for those projects being competitively bid; and for turnkey projects, a reduction in quality and/or desired scope is being realized because of the current fiscal constraints. Sufficient experience is not available as yet from the FY 1973 program, but based on the actual cost growth of 8.5 percent for Calendar Year 1972, it is expected that the Defense Department will have difficulty with a majority of the projects, which can only result in penalizing the resultant housing and its occupants because of quality deficiencies.

Based on this, the proposed FY 1974 program average-cost of $27,500 for units constructed in the United States, exclusive of Alaska and Hawaii, reflects the updating of the FY 1973 average unit-cost to eliminate quality deficiencies. Similarly, DoD requests an average-cost of $38,000 for units constructed outside the United States, and in Hawaii and Alaska.

In addition, a cost-growth factor of 6 percent is included. Authoritative construction cost indices had predicted a seven percent cost-growth for building construction for CY 1972. The increase, however, amounted to 8.5 percent. This exxperience reflected a sharp rise, especially in the cost of plywood and lumber; to date, there has been no sign of this trend leveling off.

Proposed FY 1974 Space Criteria
(in square feet)

	Current Stat. Limit Net	*Legislative Proposal*	*Percentage Increase of Stat. Limit Net*
General Officers	2,100	2,100	0%
Senior Grade	1,670	1,700	2%
Field Grade:			
3 Bedroom	1,400	1,400	0%
4 Bedroom	1,400	1,550	11%
Company Grade:		[1]	
2 Bedroom	950 [2]	950	0%
3 Bedroom	1,250	1,350	8%
4 Bedroom	1,400	1,450	4%
5 Bedroom	1,400	1,550	11%
Enlisted:		[3]	
2 Bedroom	950	950	0%
3 Bedroom	1,080	1,200	11%
4 Bedroom	1,250	1,350	8%
5 Bedroom	1,400	1,550	8%

[1] Includes Senior NCO's.
[2] Administrative control.
[3] E-6's and below.

The housing proposal is ambitious, but DoD believes firmly that this is the proper direction: to upgrade the housing standards and to establish realistic goals and prices accordingly. If spiraling costs are not halted, then DoD may not be able to accomplish all that it has set forth in this program. But, these standards should be established as a target to shoot for in order to get "the most house for the dollar" for the occupant within reasonable limits.

The domestic leasing program authorizes, under specific criteria and cost limitations, the lease of housing in civilian communities in the United States, Puerto Rico, and Guam for assignment to military personnel as public quarters. In the FY 1972 program, primarily based on providing leases for personnel assigned to recruiting activities in support of the All-Volunteer Force, the statutory limitation on the number of domestic leases was increased to 10,000. All of these have been allocated to the Military Departments and approximately 87 percent are currently under lease. About 3,000 are allocated to the recruiting commands.

The Defense Department plans to continue this program as an important supplement to its balanced program for the acquisition of adequate housing both in the community and on-base. No changes are proposed in the FY 1974 program.

Foreign leasing of family housing is authorized under the general authority of the U.S. Code, and a limited number of units have been leased primarily for persons occupying special command type positions or to alleviate "undue hardship" cases. However, it is believed that leasing, particularly lease-construct agreements in selected overseas locations, represents a viable potential for producing additional housing for military families in foreign countries with limited risk for the U.S. Government. Accordingly, the FY 1974 program request reflects an expanded foreign leasing program for 7,262 units and $19.9 million,—an increase of 3,298 units and $6.8 million.

Another method of acquiring military family housing overseas is the rental-guarantee program. The Secretary of Defense is authorized by public law to enter into agreements guaranteeing the builders of such housing a return equivalent to a specified portion of the annual rental income which would be received if the housing were fully occupied. These projects are privately financed, constructed and maintained by the sponsor for occupancy by U.S. mil-

itary personnel on a rental basis. The guarantee period is limited to 10 years under existing legislation. A total of 2,415 rental-guarantee units are under contract in Spain, the United Kingdom, Germany and Korea.

The Defense Department is exploring the feasibility of obtaining additional rental-guarantee projects but does not consider it possible without an increase in the average guaranteed rental ceiling. The present ceiling of $225 per unit per month was authorized last year. However, the international economic situation, compounded by increased construction costs in foreign countries, has made this ceiling obsolete.

For example, the Deutschemark of Germany was revalued, and this was followed by the recent devaluation of the U.S. dollar. Meanwhile, construction costs continue to increase. Consequently, the Defense Department is requesting that the average guaranteed-rental be increased from $225 to $275 per unit per month to permit the continued effective use of this program.

These programs, administered wisely in selected overseas locations, will provide suitable family housing for U.S. Servicemen at a minimum risk to the U.S. Government, especially in areas where U.S. military tenure could be subject to change.

Low Income Housing Program

Section 120 of the Housing and Urban Development Act of 1970 specifically authorizes military occupancy preference in low income community housing assisted under Title II of the National Housing Act.

As a result of this legislation, the Defense Department entered into an interdepartmental agreement with Housing and Urban Development/Federal Housing Administration, covering the development of assisted housing projects for occupancy by lower-grade military families on a priority basis.

FHA and DoD agreed to a listing of 4,300 units in FY 1971 and 5,050 units in FY 1972; of these 9,350 units, 6,976 or 75 percent were completed, under construction, or covered by letter of feasibility at the time of the Administration's "freeze" on subsidized housing in January of this year.

DoD is awaiting clarification by HUD on the effect of the "freeze" on the uncommitted balance of the units from the FY 1971-1972 programs, as well as on the request for additional units proposed for FY 1973.

During the early stages of developing the HUD program, it was anticipated that most enlisted personnel and some junior officers would benefit from it by being able to meet the income limitations. However, as the result of recent sizable pay increases, continued applicability of this program to military at all locations is expected to decline. Within this context, the Defense Department will continue to seek allocations from HUD in those areas where a military "set-aside" project is warranted.

In the meantime, DoD is continuing to work with HUD to resolve the problem of non-availability of FHA-insured programs in "military-impacted" areas. Proposed legislation has been developed which would permit HUD to insure private housing under the Special Risk Insurance Fund in areas heretofore considered uninsurable.

Briefly, the proposal provides that in Federally-impacted areas where the residual housing requirements are insufficient to sustain the housing market in the event of curtailment of employment, the Secretary of HUD may require a certification from the Secretary of Defense that there is no intention, insofar as can reasonably be foreseen, to curtail substantially the personnel assigned or to the installation concerned.

Enactment of this proposal would greatly increase the supply of housing for DoD personnel at selected installations in non-metropolitan areas and further assist in the orderly development of a number of Federally-impacted communities. Most importantly, the availability of reasonably priced community housing near installations remote from metropolitan areas would contribute greatly to the morale of the lower pay grade military personnel who are vital to achieving the objective of the All-Volunteer Force.

Lyles, Bissett, Carlisle & Wolfe Architects Photo

COMFORT LIVING—This is a view of the living room looking into the sleeping area in newly designed three-man living quarters.

On Family Housing

Base Closure, Reduction Impact

On April 17, 1973, the Secretary of Defense announced 274 actions to consolidate, reduce, realign, or close military activities. There are 15,670 family housing units affected at locations scheduled for closure or reduction. Of these, only 4,641 units or 30 percent have been built with appropriated funds and most of them were constructed prior to 1966. The balance are Capehart, Wherry, and other public quarters, including about 1,350 inadequate units. The Military Departments have completed their review of housing requirements at affected installations to provide data to determine how many of the units can be retained by the owning-Service, how many can be used by another Military Service, and how many may be excess to Department of Defense requirements. Based on screening to date, 5,997 units are to be retained within DoD, 304 units are to be transferred to the Coast Guard, and 7,837 units are to be declared excess. The excess housing will be reported to the General Services Administration, in the usual manner, where it will be screened for other Government use, or disposed of by sale, or otherwise, if no use is found. Every precaution will be taken to minimize any possible adverse economic impact on surrounding communities. There are 1,532 units still under review to determine what action is to be taken.

Inadequate Housing

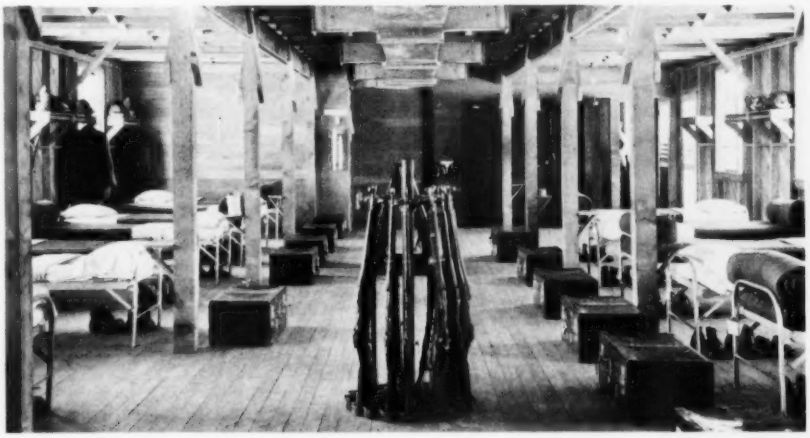
Public Law 92-545, approved October 25, 1972, authorized the Secretary of Defense to designate as inadequate not more than 20,000 family housing units in addition to those (about 12,000) it already has. In accordance with Congressional intent, units designated as inadequate are those which cannot be economically upgraded to meet standards of adequacy. The 20,000 units were allocated equally to the Military Departments—6,659 each and 23 units to the Defense Supply Agency. Most of these units were placed on a rental basis not to exceed 75 percent of the occupant's Basic Allowance for Quarters (BAQ) on January 1, 1973, by the Army, Air Force, and Marine Corps. However, the Navy was not able to implement the authority until July 1, 1973, since military pay and allowance funds for FY 1973 were not sufficient to permit payment of the partial BAQ which is due to occupants of the inadequate rental units.

Homeowner's Assistance Program

DoD is proposing two amendments to the FY 1974 Military Construction Authorization Bill concerning the Homeowners Assistance Program. The first proposal would authorize an additional $7 million to be appropriated for the Homeowner's Assistance Program. This program, authorized by Section 1013 of Public Law 89-754, provides assistance to military and civilian employee homeowners by reducing their losses incident to the disposal of their homes when the military installations at which they are serving are ordered to be closed, in whole or in part, or the scope of operations is reduced. Analysis of the April 17, 1973, base realignment announcement indicates that current authorization and appropriations carried over in the Homeowners Assistance Fund are insufficient to indemnify in FY 1974 military and civilian personnel for losses sustained in disposing of their homes.

The second proposal would provide for a modest expansion of the Homeowner's Assistance Program to cover personnel currently not eligible for assistance at some installations because of a lack of a causal relationship between the loss sustained in disposing of their homes and the installation realignment. These are individuals who are assigned or employed at or near an installation which is being realigned, but are not themselves involved in that realignment, and who will relocate because of normal reassignment or routine transfer. These personnel can sustain the same losses as personnel covered by the program at the realigned installations. The expansion of the program in the United States is the same as the expansion authorized by the Congress last year for overseas areas.

In conclusion, decent housing is a very important aspect of the All-Volunteer Force in a peacetime environment. Therefore, it is essential that the Defense Department, along with the Military Departments, do all that it possibly can to achieve its objective of providing decent and adequate housing for all Servicemen and women and their families. And, it is working diligently toward accomplishing this aim.



LOOKING BACK—Interior view of an enlisted man's barracks at Fort Huachuca, Arizona, in May 1942.

U.S. Army Photo

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